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CHINA SAITE GROUP COMPANY LIMITED

中國賽特集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 153)

QUARTERLY UPDATE ANNOUNCEMENT

This announcement is made by China Saite Group Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 and Rule 13.24A of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

References are made to the announcements of the Company dated 22 June 2020, 22 July 2020, 8 September 2020, 30 September 2020, 23 October 2020, 19 November 2020, 8 December 2020, 28 December 2020, 26 March 2021, 30 March 2021, 31 March 2021, 7 May 2021, 3 June 2021, 6 June 2021, 22 June 2021, 13 September 2021, 21 September 2021, 22 October 2021, 21 December 2021, 21 January 2022, 23 February 2022, 25 February 2022, 14 April 2022, 19 April 2022, 16 May 2022, 17 May 2022, 18 May 2022, 31 May 2022 (the “**Announcements**”). Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

BUSINESS UPDATE

In respect of the Group’s business operations, the Group has continued its operations notwithstanding the suspension of trading in the shares of the Company, the application for leave for judicial review against the delisting decision of the Listing Review Committee and the impact of the COVID-19 pandemic.

The Board and the senior management of the Company have been making continuous effort to improve and maintain the operating performance of the Group. As at the date of this announcement, the Group has 35 ongoing contracts with various customers ranging from stated-owned enterprises in the PRC. The Board wishes to emphasise that the above information are unaudited and shall not constitute any forecast or prediction of the profits of the Group and further details regarding business update of the Group will be disclosed by way of announcement(s) as and when appropriate.

UPDATE ON THE RESUMPTION PROGRESS

The status of fulfilment of the Resumption Guidance are summarised as follows:

Independent Investigation

The Independent Board Committee has completed the Independent Investigation, and the main findings of the Independent Investigation have been disclosed in the announcement of the Company dated 23 February 2022. The Board is of the view that the content and findings in the Independent Investigation Report are reasonable and acceptable, and considers that the Independent Investigation Report has adequately addressed the Identified Matters and the Other Identified Matters. The Board also concurs with the remedial measures recommended by the Independent Adviser and endorsed by the Independent Board Committee.

In response to the findings of the Independent Investigation Report, the Board has undertaken remedial measures, including but not limited to (i) the reconstitution of the Board where (among other things) Mr. Jiang had resigned as the chairman of the Board and an executive Director with effect from 29 October 2021; (ii) reporting the questionable and suspicious transactions as well as the potential criminal offences of Mr. Jiang to the Public Security Bureau of Yixing City in the PRC; (iii) conducting the 2nd IC Review and carrying out rectification procedures to strengthen the internal control and corporate governance of the Group (and to avoid reoccurrence of transactions and issues similar to the Identified Matters and the Other Identified Matters going forward); and (iv) the setting up of an executive committee comprising all the executive Directors to (among others) regularly monitor, review and evaluate the progress and effectiveness of the said remedial measures. Please refer to the announcement of the Company dated 23 February 2022 in respect of the Independent Investigation for further details.

Independent Internal Control Review

The 2nd IC Review and Follow-up Review have been conducted from October 2021 to January 2022 and has been completed. The key findings of the 2nd Internal Control Review Report have been disclosed in the announcement of the Company dated 23 February 2022. The management of the Company and Anhui Dayu Construction have responded to the deficiencies identified and carried out rectification procedures accordingly. Shinewing has completed the Follow-up Review on the rectification of the findings of the Initial Review and nothing has come to its attention which make it believe that there was any material deficiencies identified in the internal control system of the Group upon the completion of Follow-up Review.

Having considered the findings of the 2nd IC Review, the audit committee of the Company and the Board are of the view that the remedial measures implemented by the Company are adequate and sufficient to address all findings of the 2nd IC Review. The Group's enhanced internal control system is sufficient to discharge the Company's obligations and safeguard its interests under the Listing Rules.

Financial results

The audited financial results of the Company for FY2019 and FY2020 have been disclosed in the announcements of the Company dated 18 April 2022.

Winding-up Petition

As at the date of this announcement, there is no outstanding winding-up petition against the Company.

Proposed Restructuring

As disclosed in the announcements of the Company dated 25 February 2022 and 14 April 2022, the Scheme of Arrangement was approved by the requisite majority of the creditors of the Company at the Scheme Meeting held on 25 February 2022, and was subsequently sanctioned by the High Court at the sanction hearing on 11 April 2022. The court order sanctioning the Scheme of Arrangement has been registered with the Hong Kong Companies Registry on 25 April 2022.

UPDATE ON JUDICIAL REVIEW

As disclosed in the announcement of the Company dated 31 May 2022, the Company has applied to the High Court to obtain leave to apply for judicial review against the LRC Decision and, among others, an interim stay of the decision of the Listing Review Committee to delist the Shares of the Company from the Stock Exchange pending the final determination of the judicial review proceeding(s). In addition, by a letter to the Company dated 30 May 2022, the Stock Exchange agreed that it will not proceed with the Cancellation of Listing without giving the Company at least 7 days' notice whilst the JR Application is still at large.

As at the date of this announcement, the hearing date of the judicial review has not yet been fixed.

Further announcement(s) regarding any material development of the JR Application and the Cancellation of Listing will be made by the Company as and when appropriate.

Shareholders and potential investors of the Company should note that the postponement of the Cancellation of Listing and the JR Application do not mean that the Company will not be delisted. The High Court may or may not grant leave for the judicial review and even if leave is granted, the judicial review may or may not succeed. Shareholders and potential investors of the Company who have any queries about the implications of the Cancellation of Listing and the judicial review are advised to obtain appropriate professional advice.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended with effect since 22 June 2020 and will continue to be suspended until further notice.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
China Saite Group Company Limited
Shan Hu
Executive Director

Hong Kong, 27 June 2022

As at the date of this announcement, the executive Directors are Mr. Xu Fanghua, Mr. Liu Zhibo, Mr. Hua Gang, Mr. Shan Hu and Mr. Zhang Tianbo; and the independent non-executive Directors are Mr. Xu Jiaming, Mr. Yan Hualin, Mr. Choi Ho Yan and Mr. Siu Siu Ling, Robert.